

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

ST. JOSEPH RIVER BASIN COMMISSION

ST. JOSEPH COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

10/19/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Sandra Seanor	01-01-06 to 12-31-09
Secretary/Treasurer	Paula Reinhold Craig Williams	01-01-06 to 12-31-08 01-01-09 to 12-31-09
Chairperson of the Commission	Ron Niezgodski John J. Dillon Ron Niezgodski	01-01-06 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ST. JOSEPH RIVER BASIN
COMMISSION, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the St. Joseph River Basin Commission (Commission), as of and for the years ended June 30, 2007 and 2008. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Commission as of June 30, 2007 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

STATE BOARD OF ACCOUNTS

September 1, 2009

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF NET ASSETS
June 30, 2007 And 2008

	2007	2008
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 146,599	\$ 172,930
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	14,954	21,824
<u>Net Assets</u>		
Unrestricted	131,645	151,106
Total net assets	\$ 131,645	\$ 151,106

The notes to the financial statements are an integral part of this statement.

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Years Ended June 30, 2007 And 2008

	2007	2008
Operating revenues:		
State grant	\$ 65,124	\$ 61,871
Local government	9,350	11,450
Total operating revenues	74,474	73,321
Operating expenses:		
Contractual services - administration	49,778	55,718
Legal fees	1,400	1,400
Other	102	-
Total operating expenses	51,280	57,118
Operating income	23,194	16,203
Nonoperating revenues:		
Interest and investment revenue	3,045	3,258
Change in net assets	26,239	19,461
Total net assets - beginning	105,406	131,645
Total net assets - ending	\$ 131,645	\$ 151,106

The notes to the financial statements are an integral part of this statement.

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Years Ended June 30, 2007 And 2008

	2007	2008
Cash flows from operating activities:		
Receipts from state and local government	\$ 74,474	\$ 73,321
Payments to suppliers and contractors	(43,983)	(50,248)
Net cash provided by operating activities	30,491	23,073
Cash flows from investing activities:		
Interest received	3,045	3,258
Net increase in cash and cash equivalents	33,536	26,331
Cash and cash equivalents, July 1	113,063	146,599
Cash and cash equivalents, June 30	\$ 146,599	\$ 172,930
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 23,194	\$ 16,203
Adjustments to reconcile operating income to net cash provided by operating activities:		
Accounts payable	7,297	6,870
Net cash provided by operating activities	\$ 30,491	\$ 23,073

The notes to the financial statements are an integral part of this statement.

ST. JOSEPH RIVER BASIN COMMISSION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The St. Joseph River Basin Commission was established under the laws of the State of Indiana. The Commission operates under an elected Board of Commissioners form of government and provides the following services: a forum for the discussion, study and evaluation of water resource issues of common concern in the basin and to facilitate and foster cooperative planning and coordinated management of the basin's water and related land resources.

The accompanying financial statements present the activities of the Commission. There are no significant component units which require inclusion.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of this enterprise fund are state grants and local government contributions. Operating expenses for this enterprise fund include administrative expenses and legal fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Commission to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Investment income is reported as revenue in the operating statement.

ST. JOSEPH RIVER BASIN COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Detailed Notes on All Funds

Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

III. Other Information

Risk Management

The Commission is exposed to various risks of loss related to errors and omissions.

The risks of errors and omissions are covered by commercial insurance held by the Michiana Area Council of Governments (MACOG), who contracts with the Commission to provide all administrative, business, office support, and other services for the Commission.

ST. JOSEPH RIVER BASIN COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2009, with Ron Niezgodski, Chairperson of the Commission; Paula Reinhold, former Secretary/Treasurer; Craig Williams, Secretary/Treasurer; Sandra Seanor, Executive Director; and Karen Mackowiak, Water Quality Manager for MACOG. Our audit disclosed no material items that warrant comment at this time.